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**INTERIOR DEPARTMENT SENDS RECOMMENDATIONS TO CONGRESS TO RESOLVE
TRIBAL TRUST FUND CLAIMS**

Secretary of the Interior Bruce Babbitt announced today that the Department is sending to Congress a report and legislative proposals aimed at settling more than two decades of disputed balances in Tribal Trust Fund accounts.

The report and legislative proposals represent a multi-year effort by the Clinton Administration to identify deficiencies in the Department's management and accounting systems for Tribal trust funds and to recommend a process to resolve and provide compensation where it is warranted.

"It is the goal of this Administration to determine a fair settlement for past inadequacies and to reimburse Tribes as soon as possible. We also aim to put systems in place that will provide state-of-the-art accounting systems and practices in the future," Secretary Babbitt said. "With help from the Tribes, Congress and the Special Trustee for American Indians, I believe that the approach we have undertaken to install new systems, backed by adequate funding and legislative support, will achieve this goal by the year 2000."

The report, entitled "Recommendations of the Secretary of the Interior for Settlement of Disputed Tribal Trust Fund Accounts" is one aspect of a larger, three-pronged effort to account and provide compensation for inadequacies of the past, and reform the Department's management of trust funds. In addition to the settlement proposal, the Department has embarked on a concerted program to implement key elements of the strategic plan of the Special Trustee for American Indians to improve the underlying trust management and accounting systems. Also, the Department has proposed legislation to halt and reverse fractionated ownership of Indian land.

The recommendations included in today's report lay out a settlement process designed to acknowledge and respect Tribal sovereignty by utilizing informal dispute resolution mechanisms as an alternative to costly and protracted litigation. Building on Congressional directives for reform, the Department first ordered a study by Arthur Andersen LLP in 1991 that involved reconstructing \$17.7 billion in transactions between 1972 and 1992.

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The Arthur Andersen study, completed at the end of 1995, indicated that 86 percent of the transactions, totaling \$15.3 billion were fully reconciled, with an error rate of .01 percent (\$1.87 million in transactions found to be in error). Work on the unreconciled transactions has continued, reducing the total value of those transactions from \$2.4 billion to \$1.97 billion. An unreconciled transaction is one in which source documents could not be located to verify the accuracy of an entry on the general accounting ledger.

Under the proposed settlement, the government would pay Tribes for errors identified in the reconciliation work ("known errors") and would offer each Tribe the opportunity to settle other claims immediately for a specific sum based on a formula that would take into account the particular characteristics of the Tribe's accounts. If the Tribe accepts the offer, claims would be settled according to the formula, and the matter would be closed. If the Tribe does not accept the offer, it would be withdrawn and stage one of the process would be concluded.

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Tribes that did not accept the stage one offer would then have the opportunity to engage in government-to-government non-binding settlement negotiations with the assistance of a mediator. This opportunity for individual Tribal negotiations was not among the Department's original settlement options, but was recommended by numerous Tribes during the consultation process. As part of the negotiations, there would be an opportunity to obtain additional data or undertake additional analysis to the extent it would be constructive in reaching a satisfactory resolution of claims.

In the event that the mediation process is not successful, a Tribe would be authorized to file a claim in the United States Court of Federal Claims within the parameters defined by Congress in the legislation.

"This Administration has already done more to shed light on and turn around more than 70 years of inadequacies and under-funding than any other Administration has attempted. This has been a difficult undertaking and there is clearly hard work ahead." Secretary Babbitt said. "It is our goal to continue these efforts, to remedy the inadequacies of the past by fairly compensating those to whom compensation is due and to prepare for the future by installing new trust management systems."

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